

REPORT SUMMARY

Department of Public Health and Human Services

We performed a financial-compliance audit of the Department of Public Health and Human Services (department) for the two fiscal years ended June 30, 2007. We issued an unqualified opinion on the financial schedules for the fiscal year ending June 30, 2006. The reader may rely on the presented financial information and the supporting data on the state's accounting system for fiscal year 2005-06. We issued a qualified opinion on the financial schedules for the fiscal year ending June 30, 2007. The reader should use caution when using the information presented in the schedules, as well as the supporting data on the state's accounting system for fiscal year 2006-07. The opinion starts on page A-3.

This audit report contains 19 recommendations to the department. The issues discussed in this report include compliance with state law related to accumulation of employee leave balances, improving compliance with legal requirements of the department's federal assistance programs, and modifying access to the electronic benefits transfer system.

The department's response to our recommendations starts on page B-3 of the report document. The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the department:

- A. Continue to enhance compliance with state law related to vacation leave, and
- B. Charge only allowable leave costs to federal programs..... 10
- Department Response: Concur..... B-3

Recommendation #2

We recommend the department:

- A. Continue to enhance compliance with state policy related to exempt compensatory time, and
- B. Charge only allowable exempt compensatory time to federal programs. 12
- Department Response: Concur..... B-3

Recommendation #3

We recommend the department implement procedures to ensure the Women, Infants, and Children local agencies obtain proof of identity and documentation of income as required by federal regulations. 13

Department Response: Concur..... B-4

Recommendation #4

We recommend the department:

- A. Conduct timely monitoring reviews of the Women, Infants, and Children local agencies in accordance with federal regulations,
- B. Promptly notify the local agencies of noncompliance findings in accordance with federal regulations, and
- C. Obtain corrective action plans from local agencies within 60 days, in accordance with federal regulations..... 14

Department Response: Concur..... B-4

Recommendation #5

We recommend the department perform Women, Infants, and Children compliance investigations in accordance with federal regulations and department policy. 15

Department Response: Concur..... B-4

Recommendation #6

We recommend the department maintain adequate documentation of tuberculosis testing expenditures charged to the federal Substance Abuse, Prevention and Treatment grant in accordance with federal regulations. 16

Department Response: Concur..... B-4

Recommendation #7

We recommend the department implement procedures to ensure Bioterrorism grant expenditures are allowable under federal regulations..... 17

Department Response: Concur..... B-5

Recommendation #8

We recommend the department ensure adoptions receiving Federal Title IV-E funding are eligible for funding in accordance with federal regulations. 18

Department Response: Concur..... B-5

Recommendation #9

We recommend the department implement procedures to ensure supporting documentation related to providing adoption without a subsidy is included in each adoption case file in accordance with federal regulations..... 19

Department Response: Concur..... B-5

Recommendation #10

We recommend the department implement procedures to ensure foster care and adoption payment corrections and rate adjustments are adequately documented in accordance with federal regulations.20

Department Response: Concur..... B-6

Recommendation #11

We recommend the department conduct security reviews and risk analyses of data processing systems used to administer Medicaid as required by federal regulations.21

Department Response: Concur..... B-6

Recommendation #12

We recommend the department comply with state policies regarding the collection of Medicaid overpayments to inpatient hospitals.22

Department Response: Concur..... B-6

Recommendation #13

We recommend the department provide drug utilization data to manufacturers within 60 days after the end of the quarter as required by federal regulations.23

Department Response: Concur..... B-6

Recommendation #14

We recommend the department segregate electronic benefit transfer system code change and review responsibilities.24

Department Response: Concur..... B-6

Recommendation #15

We recommend the department provide contractors full electronic benefits transfer system database access only when needed.....25

Department Response: Concur..... B-7

Recommendation #16

We recommend the department improve benefit recipient identification procedures to detect unauthorized acquisition of replacement Montana Access cards.27

Department Response: Concur..... B-7

Recommendation #17

We recommend the department implement procedures to ensure fund balance transfers and valid liability transactions are recorded in accordance with state law.28

Department Response: Concur..... B-7

Recommendation #18

We recommend the department implement procedures to process payments to vendors in compliance with state law.....29

Department Response: Concur..... B-7

Recommendation #19

We recommend the department:

- A. Adopt administrative rules in accordance with state laws related to medical benefits for adopted children residing in another state and the Medical Marijuana Act.

Department Response: Concur..... B-8

- A. Send annual adoption applications for subsidy and medical assistance to adoptive parents in accordance with administrative rule.....30

Department Response: Concur..... B-8